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HOUSE BILL 1242 By
McDaniel

SENATE BILL 1673
By McNally

AN ACT to amend Tennessee Code Annotated, Title 9, Chapter 6,
to promote cost containment in appropriations for medical
assistance costs.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 9, Chapter 6, is amended by adding the
following new Section:

9-6-123. Increase in medical assistance costs - Appropriations for Operating
costs.

(a) For any law enacted after the effective date of this act, which results in a net
increase in the state share of the cost of medical assistance provided through the
Medicaid or TennCare programs authorized under Tennessee Code Annotated, Title 71,
Chapter 5, Part 1, there shall be appropriated from recurring revenues the estimated
state share of the operating cost of such law.

(b) "Operating costs" as referred to in subsection (a) means all costs other than
capital outlay costs.

(c) The amount of appropriations made under subsection (a) and (d) shall be
equal to the amounts reflected in fiscal notes prepared by the staff of the fiscal review
committee. For purposes of subsection (a), such cost shall be the operating cost, in
current dollar, of the highest of the next five (5) years commencing after the effective

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date of any law described in subsection (a) enacted after the date this act becomes effective.

(d) Prior to submission of the budget for fiscal years beginning after 1996-97, estimates of any appropriations made under subsection (a) may be adjusted to determine the amount of appropriations of recurring revenues to be repeated for the ensuing fiscal year. If no adjustment is made, then the amount of appropriations previously made shall be repeated.

(e) Appropriations made under the provisions of this section shall be place in a reserve to be used only for the following purposes:

- (1) Appropriation for one-time non-recurring health related expenditures;
- (2) Increasing the reserve for revenue fluctuation; or,

(f) If any law enacted without the funding required by this section shall be null and void unless such funding is appropriated in the general appropriation act.

SECTION 2. This act shall take effect January 1, 1998, the public welfare requiring it.